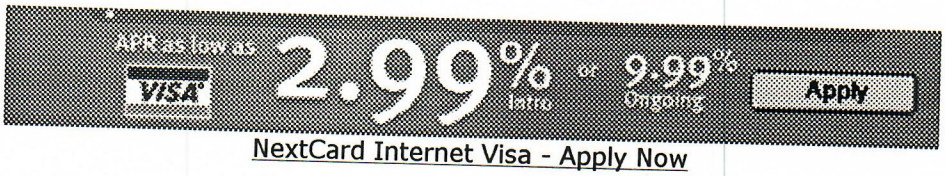

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Politics Headlines

Sources: **Reuters** | AP | ABCNEWS.com

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Nuclear Push, Tax Breaks Seen in Bush Energy Plan

By Randall Mikkelsen

WASHINGTON (Reuters) - President Bush's energy task force is working toward recommendations likely to focus on tax incentives to boost energy supplies from sources including nuclear, oil, coal and natural gas.

Congressional and industry sources familiar with the panel's closed-door work said this week they expect recommendations to promote nuclear energy, to drill for oil in federal lands including the Arctic National Wildlife Refuge, and to review U.S. sanctions against foreign oil producers such as Iran, Iraq and Libya.

Environmental provisions, such as steps to encourage energy efficiency and alternative fuels are also expected, but some critics say these will be dwarfed in impact by an emphasis on increasing traditional supplies.

The cabinet-level panel headed by Vice-President Dick Cheney is expected to report by mid-May. ``We're at least several weeks away,'' Cheney spokeswoman Juleanna Glover Weiss said. She declined to comment on specifics of the recommendations. ``Everything is on the table,'' she said.

A major ``education'' push will follow release of the plan, she said.

Bush appointed the panel January 29, asking it to develop a plan to fight high energy prices and reduce dependence on foreign oil, to encourage development of pipelines and power-generating capacity, and to find ways to cope with California's electricity supply shortage.

Since then, the panel has worked behind closed doors and met scores of interest groups ranging from energy industry officials to environmentalists in off-the-record sessions, drawing criticism for its secrecy.

``We're not learning anything,'' said an environmental group official who met with task force staff in an off-the record session this month. ``We told them at this meeting that it looked eerily familiar, like it was the Clinton health plan.''

Former President Bill Clinton's task force to reform the health care system, a sprawling effort far larger than the Cheney panel, was heavily criticized for a secretive process.

But the White House defended the task force, saying it is open to input from any interested party and will begin releasing more information as a final report nears.

``The task force itself is open and they are willing to hear ideas, whatever the source,'' Weiss said.

What's Considered

Although the panel is keeping its policy options closely guarded, people who have met with panel staff and comments by Cheney and other administration officials indicate that likely features of the final recommendations will include:

-- Tax breaks and regulatory changes: ``They've said they would use tax credit as the preferred method of increasing energy production,'' the environmental group official said. ''They've said across the board -- with nuclear power you're

going to see more tax credits, with more drilling you're going to see more tax credits."

The task force also aims to revise regulations to increase energy production and transmission capability, sources said.

-- A nuclear push: Cheney has called for building new nuclear power plants as an ``environmentally sound'' way to help provide the 65 new power plants a year he said would be needed in the United States over the next two decades.

America's 103 nuclear power plants now provide about 20 percent of U.S. electricity and are running at record high output levels due to improvements in reliability.

Nuclear industry officials met last month with top White House officials to pitch nuclear power as an ``affordable, reliable (and) emission free'' energy source, said Steve Kerekes, a spokesman for the Nuclear Energy Institute. The industry has been gearing up for months for a possible revival in nuclear plant construction, although capital costs for nuclear plants remain high relative to other plants, he said.

Kerekes said he expected all existing plants to eventually pursue and receive 20-year operating license extensions, and that new reactor construction could initially begin on the sites of existing nuclear facilities.

An administration official said the task force was considering ways to encourage both new construction and better utilization of existing plants.

Supporters say public fear of nuclear power has abated with the passage of time since the Three Mile Island and Chernobyl nuclear accidents, although critics say the problem of how to permanently dispose of nuclear waste has not been solved.

-- Oil and gas exploration: Bush has made opening more federal lands, including the Arctic refuge in Alaska, to oil and gas exploration a core feature of his energy agenda. Cheney has said the proposal to drill in ANWR remains alive despite Congress's reluctance to approve it.

A congressional source familiar with the task force's work speculated that it would also recommend increasing the Strategic Petroleum Reserve. Weiss declined to comment.

Coal, Oil Sanctions, Environment

-- ``Clean-coal'' incentives: Bush has frequently cited clean-coal technology as an environmentally promising source of energy using America's vast coal reserves.

-- International issues: A draft chapter of recommendations on international issues calls for reviewing U.S. sanctions policies, with an eye toward their impact on U.S. oil supplies from OPEC countries such as Iraq, Iran and Libya. Those reviews are already underway and will be considered ``within the framework of national security and diplomatic goals,'' Weiss said on Friday.

Bush said Thursday he had no current plans to lift sanctions on Iran or Libya.

The draft also recommends overhauling cross-border energy trade regulations to ease the way for increased electricity imports to power-strapped California.

-- Environment: The administration official said the recommendations will have a strong environmental component that includes energy conservation measures, but environmentalists are skeptical. ``We would like to see an energy plan that does the right thing. Not one that says, drill, dig, burn and pollute and, oh yeah, here is some energy efficiency on the side,'' said Sierra Club energy representative Ann Mesnikoff.

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